

May 16, 2011

Natural Gas Trends**Highlights****NATURAL GAS CONSUMPTION IN TEXAS, U.S.**

The U.S. Energy Information Administration (EIA) publishes U.S. natural gas consumption data on a monthly basis, including natural gas volumes delivered to gas customers and natural gas volumes used by energy companies to produce, transmit, transport, or distribute natural gas or electricity. EIA's 4/29/11 data release shows how Texas' natural gas consumption patterns differ from other states given the presence of a robust energy industry in Texas, as summarized below:

NATURAL GAS VOLUMES CONSUMED IN 2009	Texas	Other 49 states*
Energy industry consumption:		
Natural gas industry - lease fuel, plant fuel, pipeline and distribution use	416,087 12.4%	1,457,367 7.5%
Electric industry – fuel for electric plants and combined heat and power plants	1,387,421 41.2%	5,484,628 28.2%
Natural gas customer consumption:		
Residential, volumes	192,225	4,586,253
Residential, percent	5.7%	23.5%
Commercial, volumes	167,357	2,951,476
Commercial, percent	5%	15.2%
Industrial, volumes	1,199,127	4,968,066
Industrial, percent	35.6%	25.5%
Natural gas vehicle fuel, volumes	2,206	26,944
Natural gas vehicle fuel, percent	.1%	.1%
Total consumption, all sectors:	3,364,423 100%	19,474,734 100%

(Natural gas units in million cubic feet, *49 states plus District of Columbia)

For the most recent year that individual state information is available, 2009, EIA's data show:

- Only 5.7% of Texas' total natural gas consumption was consumed by Texas residential customers. Residential customers in the other 49 states and District of Columbia (DC), collectively, consumed 23.5% of natural gas volumes consumed in those territories;
- About 53.6% of Texas' natural gas consumption was consumed by the natural gas industry (12.4%) and the electric power industry (41.2%) for energy production, transmission, transport or distribution. In the other 49 states and DC, about 35.7% of natural gas consumption was consumed by the natural gas and electric power industries in those territories.

Source: EIA's *Natural Gas Consumption by End Use* at http://www.eia.doe.gov/dnav/ng/ng_cons_sum_dcu_nus_a.htm

Data

- June Natural Gas Futures Contract (as of May 13), NYMEX at Henry Hub closed at \$4.246 per million British thermal units (MMBtu)
- June Light, Sweet Crude Oil Futures Contract (as of May 13), NYMEX at Cushing closed at \$99.65 per U.S. oil barrel (Bbl.) or approximately \$15.87 per MMBtu

Last week: Texas, U.S. cooler than normal

For the week beginning 5/9/11 and ending 5/13/11, heating degree days were higher than normal for Texas and the U.S. For the heating season (7/1/10 to 6/30/11), cumulative heating degree days are 7% below normal for Texas and normal for the U.S.

Source: www.cpc.ncep.noaa.gov

HEATING DEGREE DAYS (HDD)

City or Region	Total HDD for week ending 5/14/11	* Week HDD +/- from Normal	Year-to-date total HDD	* YTD % +/- from Normal
Amarillo	23	- 3	3787	- 11 %
Austin	0	0	1795	+ 9 %
Dallas – FW	3	- 3	2116	- 11 %
El Paso	0	- 1	2081	- 18 %
Houston	0	0	1312	- 14 %
San Antonio	0	0	1364	- 13 %
Texas**	2	- 1	1862	- 7 %
U.S.**	33	- 9	4419	0 %

* A minus (-) value is warmer than normal; a plus (+) value is cooler than normal. NOAA uses 65° Fahrenheit as the 'normal' basis from which HDDs are calculated.

** State and U.S. degree days are population-weighted by NOAA.

Last week: U.S. Gas Storage Up to 1,827 Bcf

For the week ending 5/6/11, U.S. working gas in storage increased from 1,757 to 1,827 Bcf, compared to 2,076 Bcf in storage a year ago and compared to an average of 1,864 Bcf in storage during the 5-year period from 2006 to 2010. Working gas in storage in the producing region (which includes Texas) increased from 817 to 839 Bcf.

Source: www.eia.doe.gov

U.S. WORKING GAS IN STORAGE

Region	Week ending 5/6/11	Prior Week	One-week Change	Current Δ from 5-YR Avgas (%)
East	748	707	+ 41	- 12.8 %
West	240	233	+ 7	- 15.5 %
Producing	839	817	+ 22	+ 16.4 %
Lower 48 Total	1,827	1,757	+ 70	- 2.0 %

Lower 48 states, underground storage, units in billion cubic feet (Bcf)

Last week: Gas Rig Count down 16 to 874

The gas rig count for the U.S. was down 16 last week when compared to the prior week, and down 77 when compared to 12 months ago. The U.S. total rig count was down 6 last week when compared to the prior week, and up 324 when compared to 12 months ago.

Source: Baker Hughes

BAKER HUGHES ROTARY RIG COUNT

	As of 5/13/11	+/- Prior Week	Year Ago	+/- Year Ago
U.S. total	1830	- 6	1506	+ 324
Gas	874	- 16	951	- 77
Oil	947	+ 13	544	+ 403
Texas	817	+ 1	643	+ 174
N. Amer.	1957	- 2	1627	+ 330

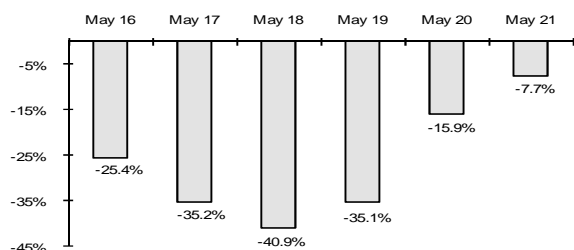
Numbers are excerpted and not meant to be totaled

This week: U.S. Energy Use Lower Than Norm

U.S. energy use is forecast to be lower than normal this week, according to the Dominion Energy Index, as shown below. Dominion forecasts total U.S. residential energy usage, a component of which is natural gas.

Source: Dominion Energy Index

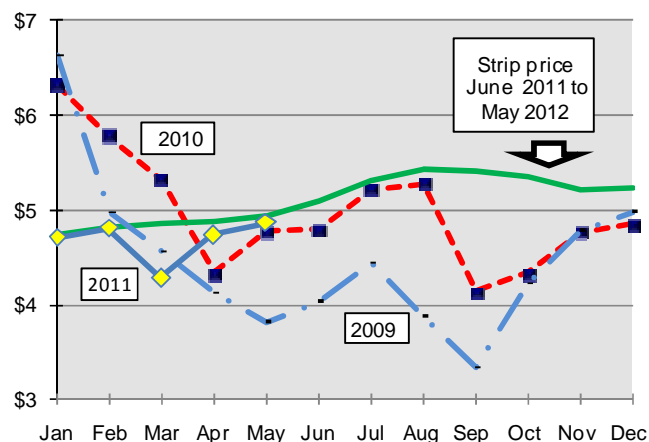
U.S. ENERGY USE FORECAST



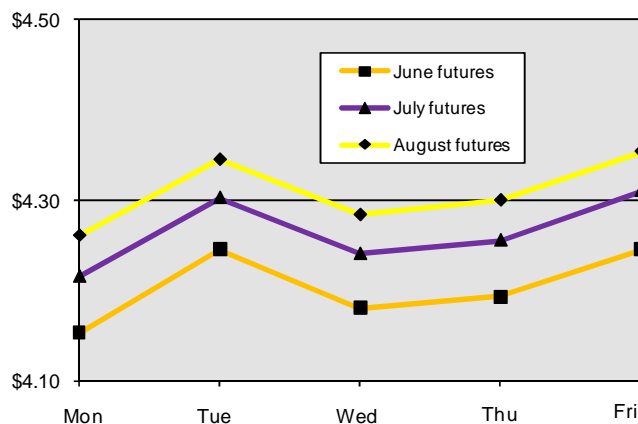
NATURAL GAS PRICE SUMMARY AS OF 5/13/11

	This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
US June futures				
NYMEX	\$4.246	\$0.011	-\$0.048	\$4.605

NYMEX HENRY HUB FUTURES PRICES



NYMEX NATURAL GAS PRICE MOVEMENT 5/9/11 - 5/13/11



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